

Docket No: 00-0366
Bench Date: 6/27/01
Deadline: N/A

MEMORANDUM

TO: The Commission
FROM: Deborah King, Hearing Examiner
DATE: June 19, 2001
SUBJECT: Consumer Illinois Water Company

Petition for (1) issuance of a Certificate of Public Convenience and Necessity ("Certificate") to operate a water supply and distribution system and sewage collection system in Lake County; (2) approval of accounting entries related to Acquisition of facilities; (3) approval of rates.

RECOMMENDATION: Enter Attached Order.

On May 17, 2000 Consumers Illinois Water Company ("CIWC") filed with the Commission a verified petition seeking a Certificate of Public Convenience and Necessity in order to serve the area of the Ivanhoe Club Subdivision in Lake County. In addition CIWC sought Commission approval for certain accounting entries related to the Ivanhoe Club facilities and approval for water and sewer service rates for the Ivanhoe Club area.

Staff did not object to the issuance of the Certificate of Public Convenience and Necessity. Staff also agreed with CIWC's rate proposal which allows CIWC to continue to charge Village of Mundelein water and sewer services rates to Ivanhoe customers for the next ten years, after which the Commission would establish the rates. However, on the issue of the appropriate accounting entries to be utilized, the Staff and CIWC did not agree.

CIWC and Staff dispute the net original cost of the water system and the net original cost of the sewer system to be recorded in CIWC's accounting records relating to CIWC's acquisition of the Ivanhoe Club water and sewer facilities. CIWC contends that the existing accounting records of the prior owner do not provide complete or clear information regarding the original cost of the water and sewer facilities. Therefore, CIWC asks that the Commission approve accounting entries of net original costs based upon an estimated trended construction cost methodology.

Staff rejects this proposal. Staff contends that the existing records of the prior owner are sufficient enough to make a determination of the original cost of the water and sewer facilities. Therefore, Staff's proposed accounting entries of net original costs are estimates based upon these existing financial records.

Attached is the Hearing Examiner's Post Exceptions Proposed Order which approves Staff's accounting entry proposal.

DK:fs